

Reflexite Corporation was founded in New Britain in 1970 by two New Britain born and Yale educated engineers, Hugh and Bill Rowland. At that time Hugh and Bill were founders and senior executives of another CT company, Rowland Products, which employed 600 in CT. By 1974 Hugh and Bill had sold their stake in Rowland Products and devoted all their efforts to developing and marketing the patents and products of Reflexite technology.

By 1983 Reflexite was generating about \$3 million in annual sales and employing about 65 people. In mid-1983 Hugh and Bill were approached by 3M Company regarding acquiring Reflexite for \$5million, a very generous amount for such a small company. After much soul searching, these community-minded brothers and their Board of Directors decided to sell Reflexite over time to the employees through an ESOP, rather than selling for cash to 3M. Fortunately the founders and I had a chance to explore the ESOP option at a seminar in New York shortly after the 3M offer. A major factor in their decision was the knowledge that 3M would move all the jobs out of CT and close the factory in New Britain.

Over the next 25 years (1985 – 2010) the ESOP trust purchased 44% of the company for the employees and 160 employees purchased additional shares with their own funds. As a result, the employees' ownership stake grew to about two-thirds of the company.

Over this same 25 years, sales grew to approaching \$100 million and employment grew to 500 people, most of whom were located in New Britain and Avon, CT. During this period the company earned recognition as Entrepreneurs of the Year, Exporter of the Year, Best Places to Work and Best ESOP of the Year.

After 26 years as an employee-owned company, Reflexite was sold to a large company with a strong strategic interest in the technology. As a result, the employee participants in the ESOP shared in a payout of \$40 million. Their cost basis was zero....plus 25 years of sweat equity.

Fortunately, the Reflexite story is not unique. Congress passed the initial enabling legislation in 1974 and currently there are about 10,000 employee-owned companies in the US which employ a total of over 10 million people.

Research over the years has shown that ESOPs:

- 1) Grow faster and are more profitable than comparable non-employee owned companies;
- 2) Are more stable and more likely to stay in their community;

- 3) Provide more job security and better retirement plans than non-employee owned companies.

It was my privilege to serve as CEO of Reflexite for 26 years and I am delighted to learn that the legislature is considering a bill (SB3) that would provide financial and staff support for increasing knowledge of the ESOP option to the CT business community. I would be pleased to personally support the effort with both funds and time.

Cecil Ursprung

CEO, Reflexite Corp.
(1983 – 2009)